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SUBJECT: SEOUL - PRESS BULLETIN; August 13, 2009

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Dong-a Ilbo

State-run "Foundation for Broadcast Culture" Issues 2008 Management Assessment Report for MBC TV

Hankook Ilbo

Hyundai Chairwoman Seems to Have Met N. Korean Leader Kim Jong-il; She will Return to Seoul Today as Scheduled

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Defense Security Command, the Military's Internal Security Organization, Suspected of Illegal Inspections of Civilians

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Government Employees Pension Service Accused of Lax Management

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Hyundai Chief Appears to Have Failed to Meet Kim Jong-il

DOMESTIC DEVELOPMENTS

Hyundai Group Chairwoman Hyun Jung-eun, who crossed the inter-Korean border on August 10 to win the release of a detained Hyundai Asan employee, again failed to meet with North Korean leader Kim Jong-il yesterday. There is speculation that the Hyundai chairwoman will meet with the North Korean leader today, the day she is scheduled to return to Seoul. (Chosun, JoongAng, Dong-a, Hankyoreh, Segye, Seoul, all TVs)

But according to a source familiar with North Korean affairs,

Hyundai Chairwoman Hyun appeared to have met with North Korean leader Kim Jong-il yesterday evening, after he returned to Pyongyang from his inspection of a naval academy in the northern town of Hamheung. (Hankook)

Michael Schiffer, the Deputy Assistant Secretary of Defense for East Asia, in an August 11 interview, said that the USG has no plan to adjust the size of USFK. (Chosun)

U.S. Ambassador to the ROK Kathleen Stephens consoled Lee Hee-ho, wife of former President Kim Dae-jung, during her visit to Yonsei University's Severance Hospital yesterday, where Kim has been hospitalized. (JoongAng, Dong-a, Hankook, all TVs, Nocut News)

INTERNATIONAL NEWS

On August 11, the U.S. Treasury Department imposed financial sanctions on another North Korean bank, the Korea Kwangson Banking Corp (KKBC), for providing financial services to companies that have already been sanctioned under UN resolutions for proliferating weapons of mass destruction. (All)

According to a diplomatic source in Washington, Kim Yong-il, North Korea's Deputy Foreign Minister, said during his August 10 visit to Mongolia that significant progress will soon be made in North Korea-U.S. relations. (JoongAng, Segye, KBS)

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MEDIA ANALYSIS

-N. Korea

All ROK media gave front-and inside-page play to the U.S. Treasury Department's August 11 imposition of financial sanctions on another North Korean bank, the Korea Kwangson Banking Corp (KKBC), for providing financial services to companies that have already been sanctioned under UN resolutions for proliferating weapons of mass destruction.

Most ROK media interpreted this move as confirming that Washington's North Korea policy remains unchanged following former President Bill Clinton's visit to North Korea. In particular, conservative Chosun Ilbo, in an editorial titled "U.S. Does Not Relax Sanctions on N. Korea," observed: "The Obama Administration has demonstrated at home and abroad that former President Clinton's 'humanitarian, private visit to North Korea' has nothing to do with the North Korean nuclear issue and that its North Korea policy remains unchanged."

Citing a diplomatic source in Washington, right-of-center JoongAng Ilbo, conservative Segye Ilbo and state-run KBS quoted Kim Yong-il, North Korea's Deputy Foreign Minister as saying during his August 10 visit to Mongolia that significant progress will soon be made in North Korea-U.S. relations.

Most ROK media reported that Hyundai Group Chairwoman Hyun Jung-eun, who crossed the inter-Korean border on August 10 to win the release of a detained Hyundai Asan employee, again failed to meet with North Korean leader Kim Jong-il yesterday. According to media reports, however, there is speculation that the Hyundai chairwoman will meet with the North Korean leader today, the day she is scheduled to return to Seoul.

Moderate Hankook Ilbo, meanwhile, cited a source familiar with North Korean affairs as saying yesterday that Hyundai Chairwoman Hyun appeared already to have met with North Korean leader Kim Jong-il yesterday evening, after the North Korean leader returned to Pyongyang from his inspection of a naval academy in the northern town of Hamheung. According to Hankook Ilbo, the source went on say that Hyun and Kim focused their discussion on the release of the detained ROK worker and that the worker may be released today.

Most newspapers, citing North Korea observers, commented that it is typical for Kim to play "hard-to-get" in order to dramatize his availability for a meeting. The newspapers, citing precedent, went on to point out that the North Korean leader only plays this game with ROK officials while sticking to pre-arranged schedules when meeting visitors from the U.S. and China.

OPINIONS/EDITORIALS

"INTERNATIONAL SANCTIONS SHOULD STRENGTHEN AGAINST MYANMAR, THE WORLD'S WORST HUMAN RIGHTS OFFENDER"
(JoongAng Ilbo, August 13, 2009, page 38)

"The ruling military junta's intentions are obvious: It intends to restrain Ms. Suu Kyi from influencing the planned general elections next year. ... The fact that the military junta has gone this far despite international criticism demonstrates the ineffectiveness of international responses. ... It is also problematic that the international community has failed to speak with one voice. The UN Security Council, faced with opposition from China and Russia, has never passed a resolution against the country. Myanmar, along with North Korea, is ranked among the world's worst human rights violators. It is a well-known fact that some 2,000 political prisoners remain incarcerated in the country. The international community should be united at this time and enhance sanctions against Myanmar."

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U.S. DOES NOT RELAX SANCTIONS ON N. KOREA
(Chosun Ilbo, August 13, 2009, page 31)

The U.S. Treasury Department added Korea Kwangson Banking Corporation (KKBC) to a list of North Korean firms subject to sanctions Tuesday. Separate from UN Security Council sanctions, the U.S. government already designated Tanchon Commercial Bank and Korea Mining Development Trading for financial sanctions.

Using Resolution 1874, the UN Security Council last month blacklisted Namchongang Trading, , Korea Tangun Trading, the General Bureau of Atomic Energy, and Korea Hyoksin Trading and its parent company Korea Ryongbong General.

KKBC has a branch in Dandong on the Chinese border and it is suspected of being one of the channels through which North Korean leader Kim Jong-il manages to amass a slush fund. The Treasury said KKBC was added to the list because the bank was financially linked to Tanchon Commercial Bank, Korea Hyoksin Trading, Korea Ryongbong General and other entities.

The addition comes just a week after former U.S. President Bill Clinton won the freedom of two U.S. journalists with a visit to North Korea. There had been speculation that the visit would mean a change in U.S.-North Korean relations, including the lifting of sanctions and the start of bilateral talks. But the Obama Administration has demonstrated at home and abroad that former President Clinton's 'humanitarian, private visit to North Korea' has nothing to do with the North Korean nuclear issue and that its North Korea policy remains unchanged.

The U.S. added KKBC to the blacklist immediately after explaining to the ROK and the other countries involved in Six-Party Talks that it saw no change in North Korea's attitude over the nuclear issue. It is fortunate that the U.S. reaffirmed that it will not pursue changes in relations with North Korea without first consulting with the countries involved in the nuclear dismantlement talks. But it is frustrating that North Korea refuses to budge.

The U.S. government has been pursuing a two-track approach in dealing with North Korea by maintaining sanctions while sending signals that the door is always open for dialogue if North Korea takes steps to irreversibly dismantle its nuclear weapons program. The U.S. even intends to offer a "comprehensive package" of benefits

that includes establishing diplomatic ties.

But Kim Jong-il, in the meeting with Clinton, reportedly repeated his old mantra that the U.S. government must halt its "hostile policies" against the North first. The U.S. government has said on many occasions that it has no intention of invading North Korea. The North's victim mentality has led it to develop nuclear weapons, and as long as it remains trapped in this mode of self-contradiction, the present stalemate will continue.

The ROK has no choice but to join in on international sanctions against North Korea until the North changes its stance. But Seoul must also strive for stability in inter-Korean relations by continuing projects that are unrelated to the nuclear issue, such as humanitarian cooperation and business collaboration at the Kaesong Industrial Complex.

FEATURES

AUSSIE BEEF OUTSTRIPS U.S.
(JoongAng Daily, August 13, 2009)

By Reporter Kim Young-hoon

It might taste good, but U.S. beef is losing out in the meat wars to the Land Down Under. Imports of Australian beef far outstrip its U.S. counterpart in terms of quantity.

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In the first six months of this year, Korea imported 60,289 tons of beef from Australia, the Korea Customs Service said yesterday.

The amount of beef imported from the United States during the same period was 23,970 tons, 40 percent less than its main competitor in the Korean market.

U.S. beef imports started up again last year despite massive public demonstrations over the possibility of contracting mad cow disease from U.S. beef.

Those fears appear to be affecting the sales of U.S. imported beef in the local market. In the final quarter of last year 18,507 tons of beef were imported from the U.S. In the second quarter of this year the amount was 11,689 tons.

"The quality of U.S. beef is good but mistrust over U.S. beef that began last year persists," said Park Chang-gyu, head of A-Meat, a U.S. beef importer. "The consumption of U.S. beef is relatively lower among the younger generation."

Lee Koo, an official with Meat and Livestock Australia Korea, said: "Australian beef is gaining in popularity because it is produced according to the preference of customers in each country. And more than 95 percent of major hotels use Australian beef."

"THERE IS NO PLAN TO READJUST LEVEL OF USFK TROOPS"
(Chosun Ilbo, August 13, 2009, page 3)

By Washington correspondent Lee Ha-won

Michael Schiffer, the Deputy Assistant Secretary of Defense for East Asian Affairs, explained on August 11 that as the U.S. government promised, there is no plan to readjust the level of USFK troops. Considering the current national security environment, it would be better that the USFK stay in the ROK at a strong level.

Deputy Assistant Secretary Schiffer said in an interview with Chosun Ilbo, "North Korea has been conducting a number of provocative actions for the last six months. This is one area of significant concern for us."

In relation to the 'extended deterrence' which was announced in the

ROK-U.S. summit talks in June 2009, Schiffer noted that, "it is not the first time that the U.S. promised extended deterrence (to the ROK); even so, it delivers a strong message to North Korea. This promises to enhance national security a number of ways, including a nuclear umbrella as well as other means."

Deputy Assistant Secretary Schiffer expected that the ROK will secure stronger defense capabilities by 2012, at which time the wartime transition of operational control (OPCON) will take place. In relation to the deactivation of the CFC due to the OPCON transition, he said, "Now it is time to go forward with a new ROK-U.S. relationship of better dimensions. Even after OPCON transition, the U.S. promise to defend the ROK will not be changed."

However, in relation to the controversy that the ROK-U.S. missile treaty should be revised in preparations against North Korean weapons of mass destruction, Schiffer instead explained that "the U.S. stipulated the offer of extended deterrence in order to deter the military strength of North Korea. This offers a vast range of fields."

Deputy Assistant Secretary Schiffer was formerly a program officer in Policy Analysis and Dialogue at the Stanley Foundation, a U.S. think tank. Currently, he is in charge of policies for East Asian countries, including the ROK, China, Japan and North Korea, in the Department of Defense.

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US ADDITIONALLY BLACKLISTED N. KOREAN BANK
(Chosun Ilbo, August 13, 2009, pages 1 and 3)

By Washington correspondent Lee Ha-won

The U.S. Treasury Department designated Korea Kwangson Banking Corporation as an additional target of financial sanctions. The measure came one week after former U.S. President Bill Clinton visited North Korea on August 4 and met with leader Kim Jong-il. The measure shows that the Obama Administration has not changed its policies against the North since the former president's visit to North Korea.

According to the Treasury Department, the bank is accused of providing services to Tanchon Commercial Bank and Korea Hyoksin Trading Corporation, which were blacklisted for the proliferation of weapons of mass destruction. Therefore, the Department blacklisted Korea Kwangson Banking Corporation through U.S. Executive Order [113382](#).

In relation to the bank, which has branch offices in various parts of the world including Dandong in China, Undersecretary for Terrorism and Financial Intelligence of the Treasury Department Stuart Levy said, "North Korea's use of a little-known bank, KKBC, to mask the international financial business of sanctioned proliferators demonstrates the lengths to which the regime will go to continue its proliferation activities and the high risk that any business with North Korea may well be illicit."

In the wake of the measure, U.S. citizens and foreigners who do business in the U.S. can no longer have transactions with this bank.

"ROK-US UFG Exercise Will Be Conducted As Scheduled"

Foreign financial institutions doing business in the U.S. are regarding this additional sanction imposed by the Department of Treasury as an 'important recommendation' and it appears highly probable that they will stop having transactions with the North or become more prudent in having (future) transactions.

Along with this, Michael Schiffer, the Deputy Assistant Secretary of Defense for East Asian Affairs said, "The ROK-U.S. combined UFG (Ulchi Freedom Guardian) exercise, which was planned to start on August 17, will be conducted as scheduled (without scaling-down the

scope and size of the exercise)." DASD Schiffer said, "As far as I know, there's no change, whatsoever, for the UFG exercise at this time point and it will be conducted as planned," in his interview with Chosun Ilbo, our newspaper. He added, "When we consider the current security environment, it will be good to see U.S. forces maintain a strong level of capabilities in the ROK."

The announcement by the U.S. Department of Treasury on additional sanctions to be imposed against North Korea and DASD Schiffer's remarks show definitively that the position of the Obama Administration regarding "the release of (the) two U.S. journalists is separate from U.S. policies on North Korean (proliferation.)"

With this recent move, we can see that the U.S. makes clear that it will implement UNSC Resolution 1874 and at the same time will conduct the ROK-U.S. combined military exercise, designed to strengthen deterrence against North Korea, with no change in plans.

In other words, it will be not easy for North Korea to have dialogue with the U.S. as long as the North doesn't 'return to the Six-Party Talks and implement a plan for denuclearization. North Korea, meanwhile, continues to claim that the U.S. should relinquish its hostile policies towards the North.

U.S. AMBASSADOR STEPHENS PLAYED MESSENGER ROLE BETWEEN USG AND FORMER ROK PRESIDENT KIM DAE-JUNG DURING HER SERVICE IN SEOUL IN THE 1980S

(Dong-a Ilbo, August 13, 2009, Page 5)

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By Reporter Cho Soo-jin

U.S. Ambassador Stephens visits Kim Dae-jung in hospital.

U.S. Ambassador to the ROK Kathleen Stephens visited former ROK President Kim Dae-jung at Severance Hospital in Seoul on August 12 and consoled his wife Lee Hee-ho.

After her visit, Ambassador Stephens told reporters, "I came here as a representative of the U.S. government. Many Americans hope that former President Kim, who dedicated himself to democratization and peace, will make a quick recovery." She also stressed, "Former President Kim and Mrs. Lee are old friends and colleagues of mine and Americans." Just as she said, Ambassador Stephens has maintained a special and long relationship with former President Kim and Mrs. Lee.

Ambassador Stephens started to work in the political section of the U.S. Embassy in Seoul during the "Seoul Spring" (a period of democratization in the ROK) in 1980 and served in the ROK until 1989. She said that while watching the June 1987 Democratic Uprising during her service as chief of the internal political unit at the U.S. Embassy in Seoul (1984-1987), she had a special feeling about then-opposition politicians, including former President Kim.

A Foreign Ministry official said that at the time, Ambassador Stephens believed that a direct presidential election system should be put in place to achieve the ROK's democratization. The official noted that the Ambassador played a considerable role in helping former President Kim build a closer relationship with the U.S. government. Former Democratic Party leader Chyung Dai-chul, who, as Kim's aide, contacted Ambassador Stephens, said that Ambassador Stephens viewed (the ROK's) opposition activists favorably, dispelling the opinions among them that (they) should "keep a distance from the U.S."

After taking office as the U.S. Ambassador to the ROK last year, Stephens visited former President Kim's house in Donggyo-dong, Mapo-gu, Seoul to give an inaugural greeting. Ambassador Stephens also invited Mrs. Lee and senior officials from her charity organization, "Friends of Love" to the U.S. Embassy Residence in Jeong-dong, Jung-gu, Seoul for tea.

